

## Message Text

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42

ACTION AF-18

INFO OCT-01 NEA-11 ISO-00 IO-14 AID-20 CIAE-00 COME-00

EB-11 FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07

OPIC-12 SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01 INT-08

FEA-02 SCI-06 DODE-00 PM-07 H-03 L-03 NSC-10 PA-04

PRS-01 SS-20 USIA-15 DRC-01 /200 W

----- 091504

R 251205Z JAN 74

FM AMEMBASSY KHARTOUM

TO SECSTATE WASHDC 7616

INFO AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY ABU DHABI

AMEMBASSY TRIPOLI

AMEMBASSY ADDIS ABABA

AMEMBASSY NAIROBI

AMEMBASSY KINSHASA

USINT CAIRO

C O N F I D E N T I A L KHARTOUM 0149

E.O. 11652: GDS

TAGS: ENRG, PFOR, OAU, XA, XF

SUBJ: ENERGY: SPECIAL ARAB OIL FUND FOR AFRICAN COUNTRIES

1. FONMIN MANSOUR KHALID, WHO RETURNED JAN 23 FROM HEADING SEVEN MEMBER OAU DELEGATION IN CAIRO TALKS WITH ARAB OIL MINISTERS, CONFIRMED TO ME JAN 24 THAT SPECIAL INITIAL \$200 MILLION "REVOLVING FUND" HAD BEEN DECIDED. INDICATING THAT FUND MIGHT BE ADMINISTERED THROUGH ARAB/AFRICAN DEVELOPMENT BANK, KHALID SAID CONCEPT WAS TO PERMIT HARD CURRENCY LOANS TO AFRICAN COUNTRIES WHOSE DEVELOPMENT HURT BY RISING OIL PRICES. LOANS WOULD BE INTEREST FREE WITH SMALL SERVICE CHARGE AND THREE YEAR GRACE PERIOD PRIOR COMMENCING REPAYMENT. WHILE FUNDS COULD BE USED A

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NUMBER PURPOSES, IT WAS EXPECTED MOST LOANS WOULD BE USED TO MEET HIGHER FOREIGN EXCHANGE COSTS IMPORTED

PCL. LOANS WOULD BE REPAYABLE IN HARD CURRENCIES, BUT KHALID THOUGHT THIS WOULD NOT POSE SIGNIFICANT PROBLEM FOR AFRICAN RECIPIENTS SINCE SUCH COUNTRIES SHOULD BE ABLE "PUT FINANCIAL HOUSES IN ORDER" WITHIN THREE YEAR GRACE PERIOD.

2. IN RESPONSE MY QUESTION RE CRITERIA FOR OBTAINING LOANS, KHALID SAID THESE STILL TO BE WORKED OUT. ARAB FINANCE MINISTERS HAVE LEFT THESE DETAILS TO COMMITTEE OF SEVEN. KHALID SAID HE WOULD BE HAVING FURTHER CONTACTS ON THIS SUBJECT NEXT WEEK AND PERSONALLY SAW ROLE FOR ECA IN THIS PROCESS BECAUSE OF STATISTICAL AND OTHER DATA IT POSSESSED ON AFRICAN COUNTRIES. KHALID CONCLUDED THAT FUND WOULD BE OF GROWING ASSISTANCE TO AFRICAN STATES, SINCE ARAB PETROLEUM MINISTERS HAD INDICATED THAT SECOND \$200 MILLION TRANCHE COULD BE MADE AVAILABLE IN THREE YEARS TIME.

3. KHALID ADMITTED AFRICANS HAD MADE SOME EFFORT INDUCE ARABS ACCORD THEM SPECIAL TREATMENT ON OIL PRICE BUT SAID THIS OBVIOUSLY AN ISSUE ON WHICH THERE COULD BE NO FAVORITISM.  
BREWER

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## Message Attributes

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